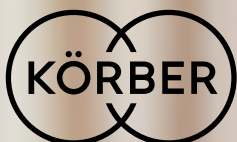# State of Shipping & Returns 2023

An international study of consumer expectations, experiences and behaviors in online shopping

KÖRBER

Körber Supply Chain

This report is based on the results of an online survey conducted by Körber in 2023. It was designed to understand consumers' criteria for making online purchases and their expectations for the post-purchase experience including packaging, communication and order delays.

Similar to Körber's first end consumer study in 2021, the 2023 report reflects changes in consumer behavior, demonstrating the continuing changes since the pandemic.

The study comprised a representative sample of 2,200 consumers from eight regions (USA, Great Britain, Australia, Germany, Brazil, Canada, France and Mexico) from the age of 18 who make online purchases on a regular basis.

The results revealed consumer experiences mirrored the state of 2023 supply chains and a need for retailers to better understand their expectations to avoid losing them in the future.

We hope you can use the data and insights in this report to help optimize your own supply chain operations.

Contents

Introduction

In 2023, the cost-of-living crisis has become a worldwide phenomenon. Meanwhile, supply chains are still recovering from the lingering effects of the pandemic.

Lockdowns pushed consumers online and accelerated the already-present eCommerce trend. Retailers, on the other hand, had to manage inventory levels and fulfillment challenges for omnichannel shoppers despite interrupted supply chains. With ever-increasing costs and spiraling inflation, consumers are holding on tight to their wallets. Thinking twice about where and what to spend their money on, it is up to retailers to meet consumer expectations to generate business. The pandemic has made challenges in the supply chain more apparent, not only pushing the supply chain into public focus but also making consumers more understanding of possible delays and/or availability problems. But – this patience may be waning.

In our 2023 study, we set to find out what criteria motivate customers to shop with a particular retailer, what their post-purchase expectations and experiences are, and how this may affect future buying decisions.
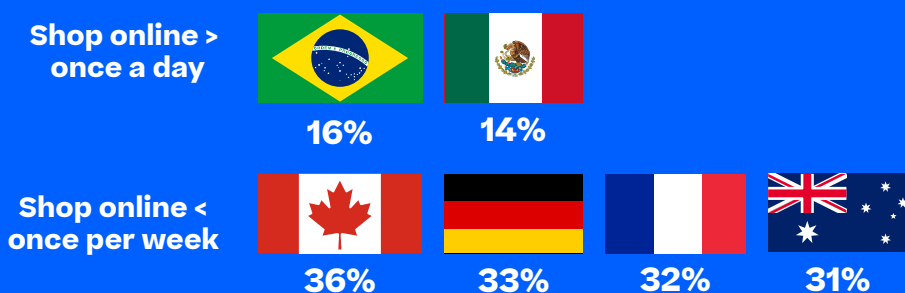
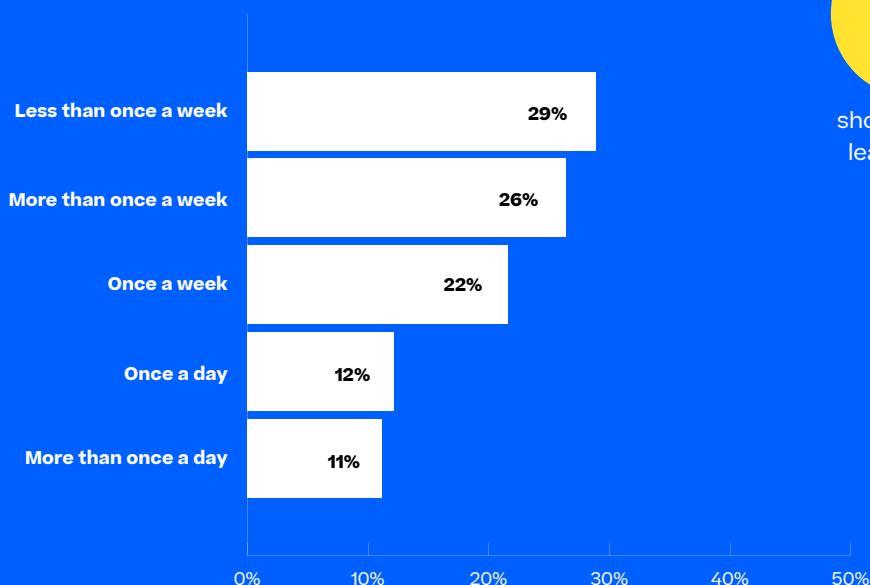# Online shopping habits, preferences and expectations

Following the eCommerce trend

Survey respondents are keen online shoppers, with 71 percent saying they are shopping at least once a week. 11 percent even said they shop at least once a day. Only 29 percent of respondents purchase online less than once a week.

Regionally, Brazilian (16%) and Mexican (14%) consumers shop online more than once a day, while Canadian (36%), German (33%), French (32%) and Australian (31%) consumers stated they shopped online less than once a week.

Shop online > once a day

16%   14%

Shop online < once per week

36%   33%   32%   31%

How often consumers shop online

Less than once a week	29%
More than once a week	26%
Once a week	22%
Once a day	12%
More than once a day	11%

0%   10%   20%   30%   40%   50%

11% shop online at least once a day

71% shop online at least once a week

29% shop online less than once a week

Money talks...

In a cost-of-living crisis, it is no wonder that most online shoppers rank price as the most important shipping factor. This is closely followed by speed and convenience – which ranked as the second and third most important shipping factors when shopping online. On the flip side, respondents ranked returns as the least important factor.
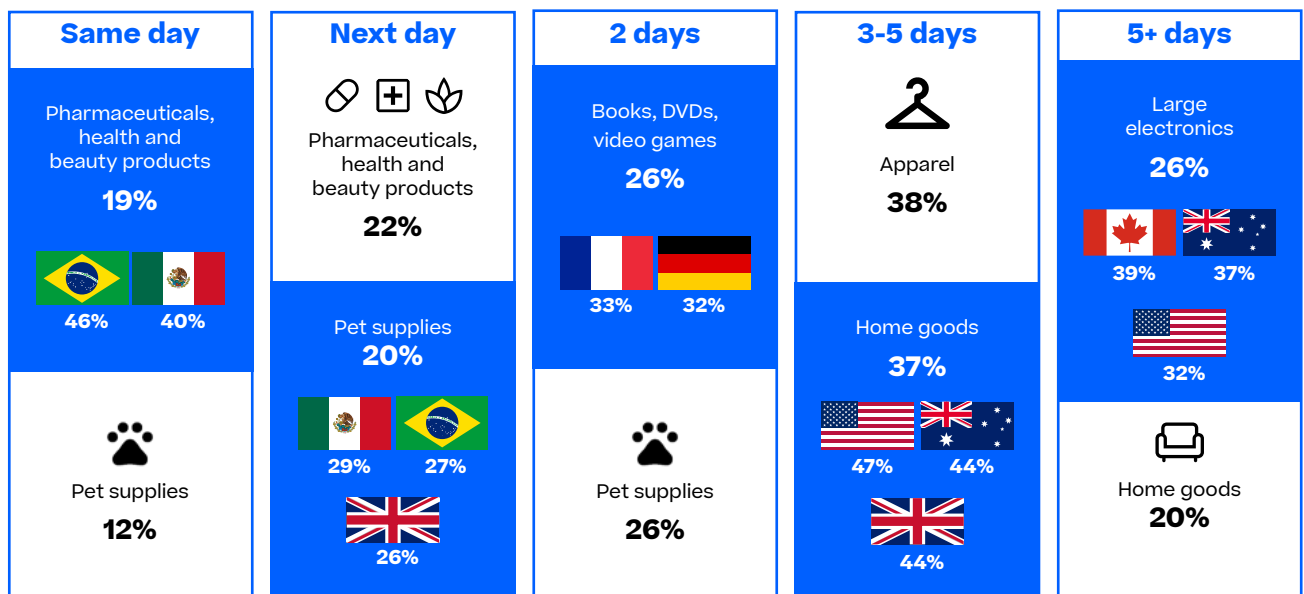
Not all goods are urgent

Consumer expectations for delivery times (without paying for expedited shipping) vary depending on the type of item. Pharmaceutical/health and beauty supplies had the highest urgency with preferred same-day and next-day delivery. Slightly less urgent items include pet supplies and books/DVDs/video games, with consumers expecting these items to arrive within two days.

However, most respondents are patient. Especially for apparel and home goods, deliveries received within three to five days from order placement were seen as acceptable. Lastly, consumers were especially willing to accept a delivery speed of more than five days bigger items such as for large electronics and home goods.

Shipping factors ranked by importance

1. Price (63%)
2. Speed (39%)
3. Convenience (27%)
4. Choice (27%)
5. Sustainability (31%)
6. Returns (43%)

Expected delivery timeframe without expedited shipping

Same day

Pharmaceuticals, health and beauty products
19%

Brazil 46%   Mexico 40%

Pet supplies
12%

Next day

Pharmaceuticals, health and beauty products
22%

Pet supplies
20%

Mexico 29%   Brazil 27%

UK 26%

2 days

Books, DVDs, video games
26%

France 33%   Germany 32%

Pet supplies
26%

3-5 days

Apparel
38%

Home goods
37%

USA 47%   Australia 44%

UK 44%

5+ days

Large electronics
26%

Canada 39%   Australia 37%

USA 32%

Home goods
20%

> **Even post-purchase, when systems don't have to respond so immediately, we've found that only 45 percent of retailers offer a specific delivery date (or date when a pickup will be ready) in their order confirmation messages. Knowing what a customer expects and providing relevant information, such as a delivery window before placing an order, is the first step toward managing expectations and avoiding disappointment."**

Louis Pagan-Rodriguez
Order Management Expert, Körber Supply Chain

Post-purchase experiences and delivery expectations

For order updates, email is key

Consumers prefer receiving order updates via email, followed by text message/SMS and as an app notification. Less than 10 percent of consumers would expect a phone call for an order update. In line with the preference for email, almost half of the respondents also preferred to click a link in an email from the seller to check the order status.

Interestingly, respondents from the US preferred text messages, Mexican consumers favored app notifications and over half of German respondents picked email as their preference for updates.

Email 45% — 🇩🇪 64%

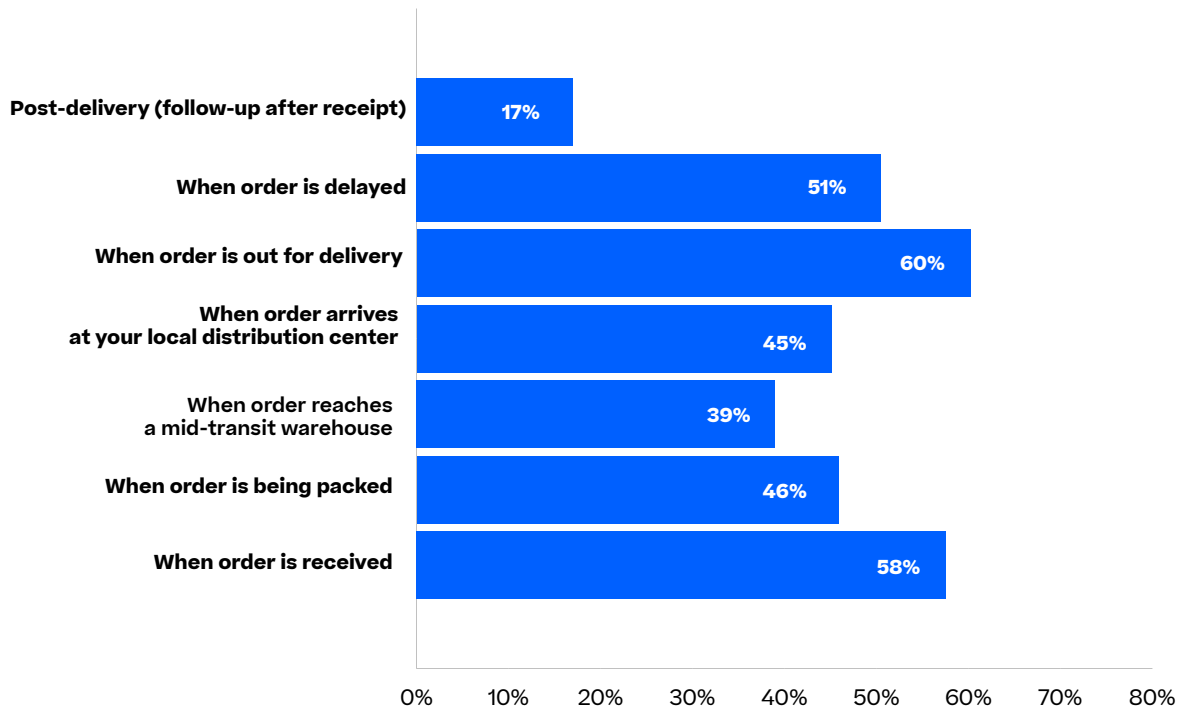**SMS** 29% — 🇺🇸 49%

App 18% — 🇲🇽 48%

Phone 8% — 🇲🇽 13%

Staying informed throughout the order journey

When it comes to order updates, consumers are most interested in getting confirmation that their order has been received and knowing when their order is out for delivery. Outside of that, half of consumers want to know if their order is delayed. However, many consumers prefer to be informed throughout every step of the order journey, with slightly higher importance on when the order is being packed or arrives at the local distribution center (DC) over when it reaches a mid-transit DC

Category	Percentage
Post-delivery (follow-up after receipt)	17%
When order is delayed	51%
When order is out for delivery	60%
When order arrives at your local distribution center	45%
When order reaches a mid-transit warehouse	39%
When order is being packed	46%
When order is received	58%

"Information matters. 70 percent of consumers are more loyal if they can purchase an item that was out-of-stock in-store and have it shipped directly to their home. We have also found that 93 percent of consumers want proactive shipping and delivery updates."

Louis Pagan-Rodriguez
Order Management Expert, Körber Supply Chain

Takeaway

In the modern world, it's all about convenience. Consumers prefer to check order updates in their own time by email rather than being disturbed through a phone call. Notifications in written form — be that on an app or via email — or a text, are the clear favorite.

Although consumers generally want to be kept informed throughout the journey of an order, the importance of event notifications (confirmation of purchase, order delay, out for delivery) was highlighted

Retailers that want to be competitive need to invest in technology that facilitates customer event notifications and updates to optimize the customer's experience. Consumers expect proactive and open communication from sellers to ensure customer satisfaction..

This is especially important when it comes to unavoidable delays. Software such as warehouse management and order management systems help manage inventory and fulfillment to offer an accurate assortment of in-stock products and deliver orders efficiently.

## Delays are common and consumers expect to be informed

In our survey, we found that more than two thirds of survey respondents have experienced at least one delivery delay in the last six months. Among those, more than half of respondents had to manually look up the status of their last order to find out it was delayed, while 40 percent received a proactive notification from the seller and 6 percent had to either call the seller or found out otherwise about the delay.

From a regional perspective, US (24%), Australian (21%) and British consumers (18%) experienced the most delays with three or more in the last six months.
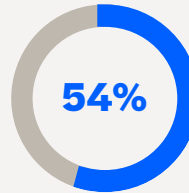
Reasons for delivery delays not always given

For a little more than a third of respondents, a reason for the delay was not provided. For others, items were late due to being lost during delivery, out of stock or damaged during shipping.

In the last six months...
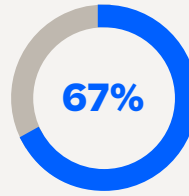
67% of respondents have experienced at least one delay.

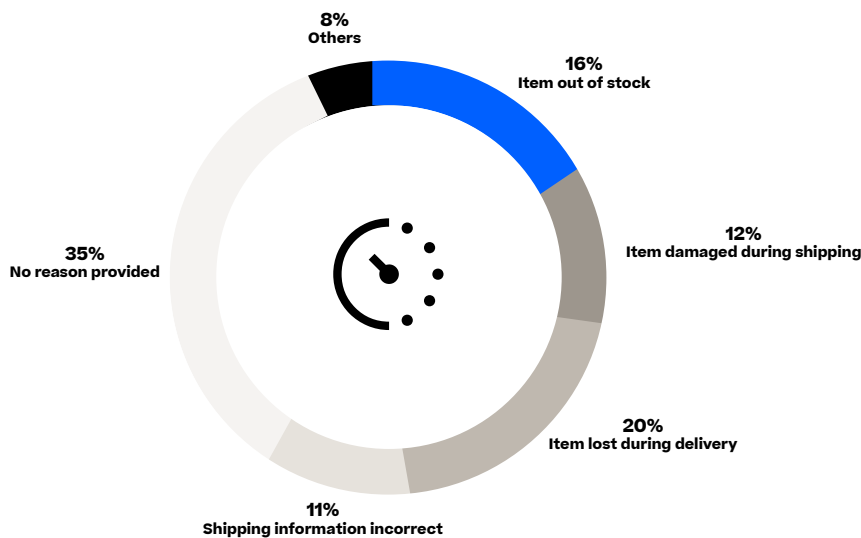**54%** of respondents weren't automatically notified about their last delay.

24%   **21%**   **18%**

of respondents in these countries have experienced three or more delays.

Provided reasons for delays

8% Others

16% Item out of stock

12% Item damaged during shipping

20% Item lost during delivery

11% Shipping information incorrect

35% No reason provided

> **The consumer of today does not tolerate ineffective delivery. 84 percent never return after one poor experience.”**
>
> **Louis Pagan-Rodriguez**
> Order Management Expert, Körber Supply Chain
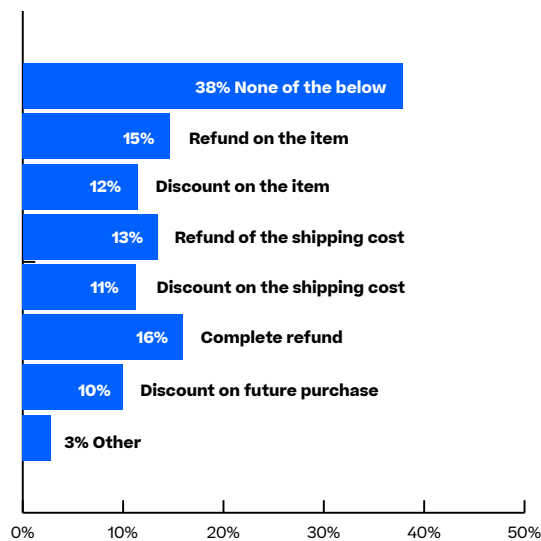
Takeaway

Delays do not just pose a threat to businesses in terms of losing a customer, but also spread to other customers via word-of-mouth or negative reviews. Not all types of delays are preventable, but implementing technology that works in tandem (e.g. warehouse management system and order management system) can improve inventory visibility and customer experience. Today's customers expect transparency and end-to-end supply chain software can enable businesses to deliver it.

Appeasement is critical

The overwhelming majority of respondents (83%) find it important to be compensated for delivery delays. However, almost 40 percent of consumers did not receive any compensation or appeasement following a delayed order. When compensation is made, it varies from a complete refund of an order to a discount on future purchase.

Brazilian and Mexican customers stood out, with over half of respondents from these regions stating they find it very important.

Type of compensation received

38% None of the below	
15%	Refund on the item
12%	Discount on the item
13%	Refund of the shipping cost
11%	Discount on the shipping cost
16%	Complete refund
10%	Discount on future purchase
3% Other	

Compensation

Only
38%
received it.

But
# 83%
think it's important.

55%   **51%**

of respondents from these regions considered it to be very important.

Delays get people talking negatively

Consumers who experienced delays don't hold back communicating about their negative experiences. Almost a third of respondents would discourage family members or friends from purchasing from the business. Others would take the complaint directly to the business, while one in five would never order from the business again. And if that premise is not threatening enough, over a quarter of respondents said they would either leave a negative review on the business' website or on the business'/their own social media pages.

Regionally, Brazilian and Mexican customers, with 46 percent and 39 percent respectively, were most likely to call/email the seller directly to make a complaint. Brazilian customers are also the most likely to leave a negative review (28%). On the other hand, a large part of US (59%), Australian (49%), Canadian (48%) and British consumers (40%) are unlikely to take any negative action.
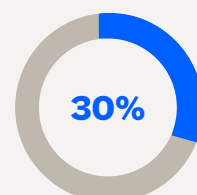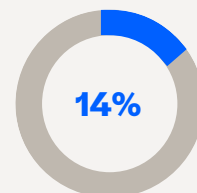
30% discourage family members/friends from purchasing from retailer
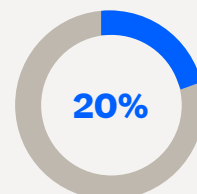
20% decide to never buy from this business again
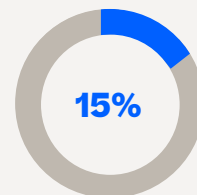
15% leave a negative review on social media on their own or the business' page

14% leave a negative review on the business' website
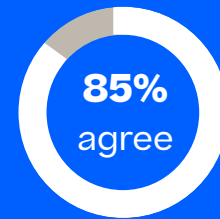
Not only the inside counts

Package presentation — such as the appearance of the box itself, how items are packaged inside it, any extras added to the box, the size/shape of container and the use of sustainable materials — were rated as important by an overwhelming majority of survey respondents.

Regionally, Brazilian and Mexican customers stood out, with the majority of respondents respectively stating it was indeed "very important."

Most important packaging aspects

1. Items wrapped well
2. Appearance of the package
3. Ease of opening
4. Use of sustainable packaging material
5. Extras provided in package (coupons, samples, promotions, etc.)

Seller's responsibility goes beyond contents

More than half of respondents agreed that the seller is responsible for the inside appearance of a package. Interestingly, almost a quarter of respondents also think that the appearance of the parcel exterior is the seller's responsibility. Almost a third said poor package presentation affected their opinion of a seller with almost a quarter stating that damaged external packaging also had a negative effect on their opinion.

"
If a parcel arrives damaged, it can have negative consequences for the retailer's image and potentially put consumers off a repeat purchase, as they find sellers are at least partially responsible for the appearance of their package. Retailers need to closely monitor their carrier relationships and reconsider their approach to packaging."

Satish Kulkarni
Vice President of Product Development OMS, Körber Supply Chain

Package presentation is (very) important

85% agree

"very important"

63% 57%

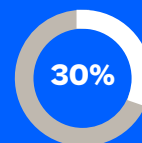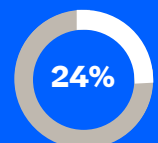### Perceived packaging responsibility per respondents

Seller   **Delivery company**

61% — Appearance of package interior not up to standard — 35%
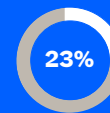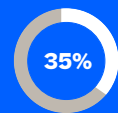
23% — Appearance of package exterior not up to standard — 46%

Affects their opinion of the seller

30%
Poor package presentation

24%
Damaged package exterior

Takeaway

Packaging is an important factor to consider in terms of customer satisfaction and is often out of the brand's ability to control, be it fulfilled via a third-party provider or damaged during transit. While well-wrapped items help ensure safe delivery to the end customer, the condition it arrives in is often a question of delivery company quality.

The responses underline the need for brands to control what they can — ensure the items are wrapped well in the right sized container with sustainable packaging, if possible, to meet customer expectations.

More return options = more business

For the overwhelming majority, the choice of returns options when deciding where to shop online matters.

Almost half of Brazilian and German consumers were the most likely to make their online shopping decision dependent on the offered return options.

Returns options affect whom I buy from

87% agree

Most likely to make online shopping decision dependent on returns options

Brazil 44%

Germany 44%

Return frequency

8% Once a week

10% Once a month

16% 2-3 times a month

66% Rarely return goods

France 15.6% — return items more than once a week

Germany 30.5% — return items 2-3 times a month
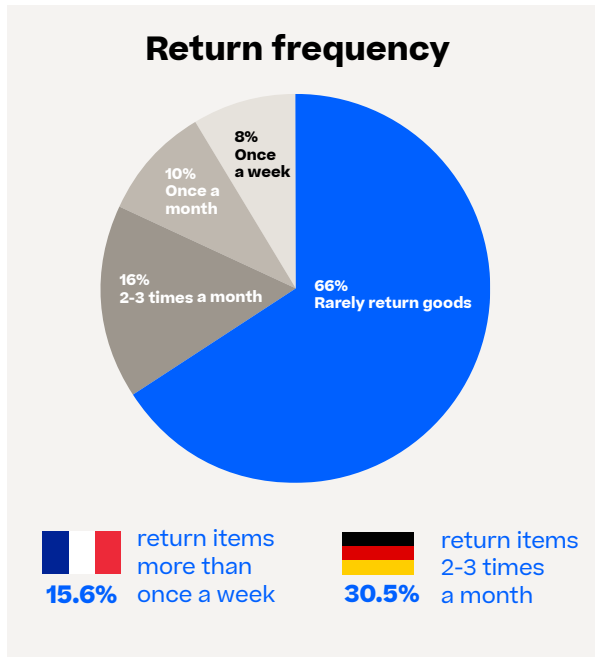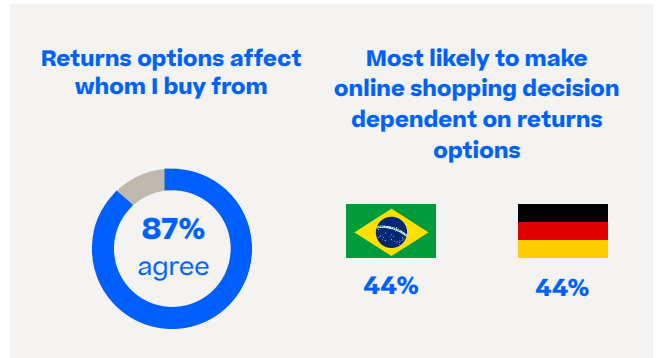
Customers prefer returning items in their own time...

While most respondents rarely return goods, 16 percent do so two to three times a month, 10 percent return once a month, and eight percent regularly return once a week.

On a regional level, French customers ranked first in returning items more than once a week, followed by German customers' return frequency of two to three times per month.

Preferred return request methods are an email to the seller, a prepaid shipping label in the package and a message to the seller through their website or chatbot.

... and don't mind doing the heavy lifting

Rather than a delivery driver picking up the return package (which less than a third of respondents selected), almost half preferred to take the parcel to a delivery carrier drop off-point, with the least favorite option being taking the parcel to the store.

Regionally, however, Mexican and Brazilian consumers clearly favored pick-up from home or work as their preferred way of returning items.

Preferred return methods

Drop off at local carrier store 48%

Pick up from home/work 29%

Mexico 45%   Brazil 41%

Take to retail store 22%

Takeaway

Returns are a fact of doing business, with some consumers even using the returns process as a factor for where they choose to purchase. Just because consumers want items delivered to their doorstep, doesn't mean that's how they want to return items. As eCommerce rates continue to rise, brands need to offer consumers more options to return orders.

A poor online shopping experience puts businesses at risk

From a poor overall online shopping experience point of view, an overwhelming majority of respondents said that encompassing factors — such as inventory stockouts, delivery delays, package presentation and a poor returns process — would negatively affect their decision to buy from this retailer again. Half of respondents stated it made them less willing to purchase from this retailer again online, while the remainder said they would be less likely to purchase from this retailer at all.

51%

40%

10%
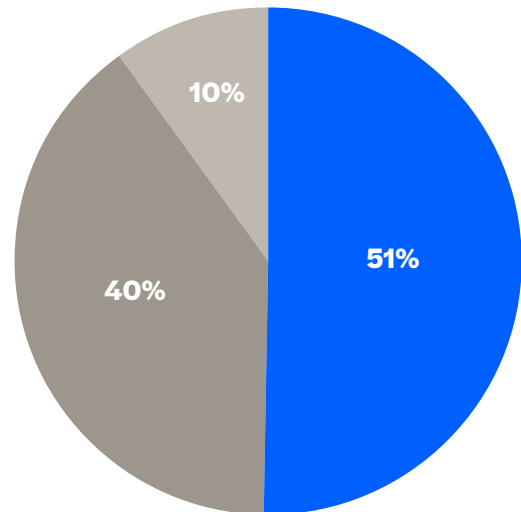
- Less willing to purchase from retailer again online
- Less willing to purchase from retailer again - online and offline
- Does not affect my willingness to buy from them again

"With the cost of acquiring new customers significantly greater than keeping current customers happy, ensuring customer satisfaction across the online shopping experience is critical."

Chad Andrews
Order Management Expert, Körber Supply Chain

Supporting technology

The following technologies can help businesses respond more effectively to today's consumer challenges:

Warehouse Management System (WMS)
A WMS digitizes and connects your entire operation, helping you manage and automate every task, process and resource in your warehouse. This boosts operational efficiency and productivity while also improving transparency, planning and accuracy.

Order Management System (OMS)
An OMS allows you to go to market with the speed and agility needed to exceed customer expectations. An order management system can optimize fulfillment processes and drive top-line and bottom-line growth. It also provides increased inventory visibility to prevent lost sales, stockouts and customer frustrations; as well as frictionless omnichannel commerce by enabling a buy-fulfill-return anywhere model, meeting your customers where they are.

Warehouse Control System (WCS)
A WCS provides a central point of integration and control between the WMS and your automation equipment. It optimizes the flow and visibility of materials through the warehouse, increasing throughput and productivity.

Voice
Warehouse voice technology enables direct communication between staff and the voice system through a microphone-equipped headset. Since voice technology is hands- and eyes-free, it significantly increases task productivity, accuracy and safety. By simplifying tasks, it also helps to improve worker satisfaction and training times.

Autonomous Mobile Robots (AMR)
AMRs are designed for physically demanding or time-consuming tasks, such as transportation and product handling. This reduces human effort and mitigates labor shortages, helping to enhance task planning, productivity and worker safety. Built-in sensors enable AMRs to immediately navigate around people and other obstacles without human intervention.

Transportation Spend Optimization (TSO)
TSO helps shippers reduce total transportation spend across all types of freight and drives operational improvements across supply planning and merchandising. It can offer strategic transportation sourcing, global freight audit and payment, and delivery performance management paired with a unified transportation workbench to strengthen vendor relationships, improve delivery performance, enhance customer experience and simplify the transportation spend management process.

Warehouse Simulation
Warehouse simulation software combines real-time operations data with built-in AI to create a 3D rendering of your entire operation, which then gives you the ability to trial new equipment, processes, layouts and inventories in a virtual warehouse without committing any time or resources.

The above are just some examples of technologies that can help you solve your ever-increasing supply chain complexities. To learn more about our end-to-end supply chain solutions, visit **www.koerber-supplychain.com**

Conclusion

Today's consumer expectations are increasing and brands have work to do to improve their experience. Price continues to play a big part, as it's the primary factor consumers look at when choosing to ship an item to their home.

Across the board, shoppers are becoming less patient. They want to know where their order is and when it will arrive, preferring to receive these updates via email. While delays often happen, it's how a brand handles the delay that drives customer satisfaction. Keeping customers informed and offering compensation can be the difference between a happy customer and one who chooses to let friends and family (and the Internet) know of their displeasure with the brand.

Package presentation is important to most consumers but also how well items are wrapped/protected in an easy-to-open package. Sustainable packaging material is an added bonus. Unfortunately, many consumers hold brands accountable for package presentation, even if the delivery company is responsible for damage to the parcel exterior.

In terms of returns, surprisingly, consumers prefer to handle it themselves, with most choosing to take it to a store or drop-off point.

Finally, many consumers offered a "grace period" after the height of the pandemic when they were more tolerant of delivery delays. However, this seems not as likely today with one-third of consumers becoming less accepting. Additionally, unfortunately, when shipping and returns go wrong, the fallout affects more than just that single customer experience. The effects can reverberate across the brand, as consumers communicate their displeasure online and to friends and family and decide not to purchase from the brand again.

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